

# ₹280.70-cr fraud suspected at one branch: PNB

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Punjab National Bank on Monday said it has come across a suspected fraud amounting to ₹280.70 crore involving one branch wherein certain irregularities have been observed on account of people risk.

The public sector bank, in a stock exchange notice, said the matter, involving ₹280.70 crore based on a preliminary investigation report, stands reported to appropriate regulatory and investigating authorities and a detailed investigation is on.

During FY17, the number of fraud cases reported by the bank was 185 and the amount involved aggregated ₹2,809.31 crore. The quantum of provisions towards fraud accounts during FY17 was Rs 1969.52 crore.

The Central Bureau of Investigation, on January 20, 2018, said it has registered 22 cases against certain officials, including Chief Managers of Punjab National Bank relating to four branches at Bhopal and Ujjain (Madhya Pradesh) and other accused, on a complaint from the bank. “It was alleged by the bank in its complaint that certain officials of the bank fraudulently sanctioned and disbursed loans to private persons dealing in the business of coal during the period from 2011 to 2016.

“It was alleged that the loans were sanctioned against inflated valuation of the collateral securities. The said borrowers thereafter disposed of the primary security without depositing the proceeds with the bank, thereby causing alleged loss of ₹80 crore (approximately) to the bank,” the agency said in a statement.

The bank has a special committee for monitoring fraud cases.

## Fraudulent letter of undertaking

PNB said that it has come across certain fraudulent Letter of Undertakings issued by two of its employees at its Brady House branch in Mumbai.

The two employees — Gokulnath Sherry and Manoj Hanument Kharat — had connived with firm belonging to Nirav Modi, Nishal Modi, Ami Nirav Modi and Mehul Chinubhai Choksi partners of Diamond R US, Solar Exports and Stellar Diamond, according to a PNB release.

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